

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

1st Enterprise Bank

Point of Contact:	John C. Black	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	455	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	10,400,000	FDIC Certificate Number: (For Depository Institutions)	58321
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	February 13, 2009	City:	Los Angeles
Date Repaid ¹ :	N/A	State:	California

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

From the end of 2008 to the end of 2010, the Bank grew its outstanding loans by \$93 million on a net basis, including growth of \$55 million or 34% within the period of December 2009 to December 2010.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

Over the 24 month period ending December 31, 2010, the Bank extended credit commitments to privately held business that totaled \$223 million (of which \$118 million was outstanding). These loans include commercial real estate and commercial and industrial loans.

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☒ **Increase securities purchased (ABS, MBS, etc.).**

Over the 24 month period ending December 31, 2010, the Bank increased its investments in agency mortgage backed securities by \$130 million

☐ **Make other investments.**

☐ **Increase reserves for non-performing assets.**

☐ **Reduce borrowings.**

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☐ Held as non-leveraged increase to total capital.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The additional capital provided by CPP funds allowed the Bank to continue to grow and support the banking and credit needs of privately held companies in Southern California. Without the additional capital, the Bank may have restricted its growth and support to new business customers.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The additional capital infusion has supported the Bank's continued growth. The Bank has grown organically from a \$244 million Bank to a \$502 million Bank, while maintaining regulatory capital ratios above the requirements for well capitalized status. The Bank has earned \$3.7 million in Net Income in 2009 and 2010 and paid approximately \$700,000 in dividends to the U.S. Treasury.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.